



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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December 18, 2007

Daniel W. Skillman, Commissioner of Parks  
Parks Division, Department of Parks, Recreation and Forestry  
5600 Clayton Ave.  
St. Louis, MO 63110-1310

RE: Division of Parks - Overtime Review (Project #2007-49)

Dear Mr. Skillman:

Enclosed is a report of our overtime review of the Division of Parks for the period November 1, 2006 through April 30, 2007. The objectives of this review were to determine if risks were effectively and efficiently managed to ensure:


- The accomplishment of established objectives and goals
- Compliance with applicable laws, regulations, policies and procedures
- The safeguarding of assets
- The reliability and integrity of financial and operational information
- The economic and efficient use of resources

Our fieldwork was completed on September 7, 2007. Management's responses to the observations and recommendations noted in the report were received on November 29, 2007, and have been incorporated in the report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for Professional Practice of Internal Auditing*.

If you have any questions, please contact me at (314) 622-4723.

Respectfully,

  
Sedrick D. Blake, MBA, CPA  
Fiscal/ Audit Executive

Enclosure

cc: Gary D. Bess, Director of Parks, Recreation, and Forestry  
Ronald Smith, Operations Manager – Office of the Mayor



# CITY OF ST. LOUIS

**DEPARTMENT OF PARKS, RECREATION & FORESTRY  
PARKS DIVISION**

**OVERTIME REVIEW**

**NOVEMBER 1, 2006 THROUGH APRIL 30, 2007**

**PROJECT #2007-49**

**Date Issued: December 18, 2007**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**DEPARTMENT OF PARKS, RECREATION & FORESTRY  
PARKS DIVISION  
OVERTIME REVIEW  
NOVEMBER 1, 2006 THROUGH APRIL 30, 2007**

**EXECUTIVE SUMMARY**

**Purpose**

We have completed a review of the Parks Division for the period November 1, 2006 through April 30, 2007. Our purpose was to determine if risks were effectively and efficiently managed to ensure:

- The accomplishment of established objectives and goals
- Compliance with applicable laws, regulations, policies and procedures
- The safeguarding of assets
- The reliability and integrity of financial information
- The economic and efficient use of resources

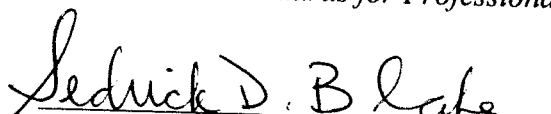
**Conclusion**

The opportunity exists for the Parks Division to improve controls and the efficiency and effectiveness of the fiscal operations. The following are observations resulting from our review:

1. There is opportunity to operate within budget constraints and in accordance with the budget ordinance.
2. There are opportunities to improve management review and approval of paid overtime.
3. The amounts of some overtime payments to employees were questionable due to lack of available supporting time documentation.
4. There is an opportunity to verify the accuracy of overtime amounts charged to the Division in the General Ledger.

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for Professional Practice of Internal Auditing*.

  
Sedrick D. Blake, MBA, CPA  
Fiscal/ Audit Executive

12/26/07  
Date

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PARKS DIVISION  
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**DEPARTMENT OF PARKS, RECREATION & FORESTRY (DPRF)**  
**PARKS DIVISION**  
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**INTRODUCTION**

**Background**

The Parks Division of the Department of Parks, Recreation, and Forestry (DPRF) operates and maintains the 105 parks and their respective facilities in the City of St. Louis. Also, the Division's Horticulture Section is responsible for growing and maintaining flowers that decorate St. Louis highways, the Jewel Box in Forest Park, and outdoor gardens throughout the City. The Division annually budgets for, and uses overtime, in order to accomplish the above objectives with its available work force.

As of June 1, 2007, the Parks Division's Overtime expenditures were \$299,332, which was 114% over the \$140,000 budget for Fiscal Year 2007. A comparative analysis of Fiscal Years' 2007 vs. 2006 Overtime showed expenditures for the period November through April, 2007 were \$125,366.96, or 32% higher than the same period of the previous year. Significant year-to-year increases were noted in the months of November, January, February and April.

**Purpose**

The purpose of our review was to determine if risks were effectively and efficiently managed to ensure:

- The accomplishment of established objectives and goals
- Compliance with applicable laws, regulations, policies and procedures
- The safeguarding of assets
- The reliability and integrity of financial and operational information
- The economic and efficient use of resources

**Scope and Methodology**

We confined the review to evaluating controls for overtime over the period November 1, 2006 through April 30, 2007. Our procedures included inquiries of management and staff, observations of relevant processes, and reviews for compliance with policies and procedures, as well as applicable laws and regulations. We performed limited tests of controls, followed-up on prior audit observations and performing other procedures considered necessary. Our fieldwork was completed on September 7, 2007.

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**INTRODUCTION**

**Exit Conference**

We conducted an exit conference at the Internal Audit Section office on November 28, 2007. The Parks Division was represented at the exit conference by Commissioner of Parks Daniel Skillman. The Internal Audit Section (IAS) was represented by Auditor-in-Charge Don Curby and Audit Supervisor Ishmael Ikpeama.

**Management's Responses**

We received management's responses to the observations and recommendations identified in this report from the Parks Division on November 29, 2007. Those responses have been incorporated into this report.

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**OBSERVATIONS**

**Status of Prior Observations**

We followed up on the observation included in the audit report issued September 27, 2004. IAS observed that the previous recommendation to establish written policies and procedures for processing and recording payroll has been implemented.

**Summary of Current Observations**

We made recommendations for the following observations which, if implemented, could improve the effectiveness and efficiency of the controls and fiscal operations:

1. There is opportunity to operate within budget constraints and in accordance with the budget ordinance
2. There are opportunities to improve management review and approval of paid overtime.
3. The amounts of some overtime payments to employees were questionable due to lack of available supporting time documentation.
4. There is an opportunity to verify the accuracy of overtime amounts charged to the Division in the General Ledger.

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS**  
**AND MANAGEMENT'S RESPONSES**

**1. There is opportunity to operate within budget constraints and in accordance with the budget ordinance.**

The Parks Division has exceeded its overtime budget of \$140,000 for the last three fiscal years. Expenditures for fiscal years 2005 and 2006 were \$187,055 and \$279,948, 34% and 100% over budget, respectively. Expenditures as of June 1, 2007 were \$299,332, exceeding the entire 2007 fiscal year budget by 114%. The overtime budget was apparently not effective as a fiscal control. Through inquiries, we learned:

1. \$140,000 was purposely budgeted for overtime for the last three years.
2. The Parks Division did not budget for changes in overtime. Reasons given were: a) the unpredictable nature of events that necessitated major use increases, and b) constraints on the amounts of projected available revenue after budgeting for essential operating costs.
3. Factors contributing to the excessive overtime were: a powerful rain storm July 2006, ice storms in December 2006 and January 2007, maintenance required for the operation of Steinberg Ice Skating Rink from mid-November through mid-March, and payment of overtime premium to employees who worked on scheduled holidays.

In addition, the Parks Division was not operating in accordance with Budget Ordinance #66685. The City ordinance allows for transfers between the budget line items within a department or division if such transfers are not more than \$250,000 and are approved by a majority of the Board of Estimate and Apportionment (E&A). Transfers of not more than \$250,000 between a single account group within a department or division, however, require the approval of the Comptroller and the Budget Director only. **The single account groups do not include personnel accounts.**

We were informed by Parks Division management that funds from the Per Performance Personnel Account were used to cover overtime costs incurred in excess of the Overtime Account budget; however, the division did not obtain E&A approval to transfer the funds, as required by Ordinance #66685. Management indicated they were unaware of Ordinance #66685 requirements and had been told that such usage would be approved by DPRF management and the City's Budget Division as long as the Parks Division did not exceed the total budget for the Personnel account group.



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**Recommendation**

We recommend the Parks Division management:

1. Take additional steps to ensure overtime expenditures are within the approved budget.
2. Obtain approvals from E&A or the Comptroller's Office in accordance with the budget ordinance to transfer funds to the overtime account.

**Management's Response**

*The Parks Division agrees with the observation and will confer with the Director of Parks on a strategy to ensure compliance with the Budget Ordinance requirements.*

**2. There are opportunities to improve management review and approval of paid overtime.**

We noted the following opportunities to improve the Parks Division's internal control practices for review and approval of requests for paid overtime.

- A. The Daily Time and Attendance (DTA) Reports maintained at Parks Division work sites provide lines for the signature of the Site Supervisor and for an approval (manager's) signature. Site Supervisors should sign to certify the correctness of both weeks of DTA Reports maintained for their work sites. The Parks Division Section Heads (i.e., managers over related activities, occurring at various work sites, for which payroll costs are reported in a single pay location) to whom the Site Supervisors report, should review and approve the accuracy and adequacy of DTA Reports before they are incorporated into the bi-weekly Attendance Records for the Section Heads' respective pay locations.

The Parks Division's general practice was to have Section Heads sign to approve the DTA Reports maintained by the Site Supervisors they managed. Site Supervisors were not required to sign the reports. Section Heads used the DTA Reports to prepare the Attendance Record sheets. The DTA Reports we reviewed did not consistently contain Section Head approval signatures. We also noted several instances where the Site Supervisor signed on one side only (either the first or second week's activity) of the two-sided DTA Report sheet, but there were no approval signatures of their Section Heads or other management.

The Parks Commissioner indicated the Section Heads use of the DTA Reports to prepare the Attendance Record sheets in effect certified their review of the completeness of the source reports. Therefore, they might have omitted signing the DTA Reports to save time. The Commissioner, who signs to approve the Attendance Records, also said he

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**2. Continued...**

periodically spot checks some of those records for agreement with their respective DTA Reports and the adequacy of the daily reports. He said those spot checks and their results were not documented unless errors were detected and corrected.

- B. All attendance and timekeeping entries should be made in ink, with any corrections or changes clearly indicated. We noted several instances where times in and out were recorded in pencil rather than ink on Daily Time and Attendance Reports. The occasional use of correction fluid to make corrections on Daily Time and Attendance Reports or pay period Attendance Records was also noted.
- C. The Parks Division's Payroll Procedures indicate overtime work must be requested in advance on an Overtime Request form and approved by the Parks Commissioner. We noted the following controls were absent or not consistently working in the division's process for obtaining approval for requested overtime:
  - 1. The Overtime Request form did not include a provision for the signature and pay location of the Section Head or supervisor requesting permission to have employees work overtime.
  - 2. Some Overtime Request sheets listing multiple employees did not break down the number of hours worked by each employee, thus making it more difficult to verify if overtime hours reported for a specific employee were approved in accordance with the division's Payroll Policies and Procedures.
  - 3. The Site Supervisor of one work site was not using the designated Overtime Request form to obtain approval for overhead. Instead, the supervisor submitted a different form summarizing his and another employee's regular, overtime, and holiday hours for each pay period. That form had no provision for an approval signature.

Due to the conditions noted above, there is an increased risk that errors or intentional overstatements of overtime hours worked and/or earned could be included in the department's payroll time reports, resulting in overpayments of overtime pay to the employee(s) involved. Observation #3 of this report addresses amounts of overtime payments noted during tests of recorded expenditures that were questionable due to lack of available supporting documentation.

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**2. Continued...**

**Recommendations**

- A. We recommend the Site Supervisors sign to certify each week of the DTA Reports, and the Section Heads either sign to approve each week of the DTA reports or sign a revised Attendance Record with an added certification statement for the information obtained from the source Daily Time and Attendance Reports. We further recommended the Parks Commissioner or his designee continue to perform spot checks of the bi-weekly Attendance records and their source DTA Reports and also document the results to assist in monitoring the effectiveness of other controls included in the division's Payroll Procedures. Parks Division management should also consider the possibility of computerizing the preparation of the bi-weekly Attendance Record Sheets to improve the efficiency of that process, facilitate management review, and reduce the likelihood of undetected input errors that would be reflected in the Certified Payroll Time Reports to the Comptroller's Office.
- B. We recommend management require that any corrected entries to Time and Attendance Reports or pay period Attendance Records be crossed out and initialed by the person making them.
- C. We recommend the Parks Division management:
  - 1. Have lines added to the Overtime Request form to obtain the signature and pay location of the requesting Section Head or supervisor.
  - 2. Ensure all Section Heads or supervisors use the standard form to obtain approval for requested overtime.
  - 3. Ensure all Overtime Requests submitted contain the number of hours requested for each listed employee.

**Management's Response**

*The Parks Division agrees with the observation and will immediately implement the corresponding recommendation.*

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**3. The amounts of some overtime payments to employees were questionable due to lack of available supporting time documentation.**

City of St. Louis Administrative Regulation 134: Section II. - Documentation of Work Hours, lists five basic principles for documentation of work hours which apply to all classified employees. Those principles include the following:

1. It is the responsibility of each appointing authority to assure that employees on their payroll have actually worked the time for which they are paid.
2. Full-time employment is defined as working at least an average of forty (40) hours per week.
3. All departments shall keep daily attendance records of classified employees and submit periodic reports of unexcused absences and leaves; reports of overtime earned, granted, and paid; or the non-occurrence of same to the Director of Personnel in the form and on the dates specified.

It appeared that some overtime hours reported as worked and/or earned without adequate supporting documentation on the Daily Attendance Reports were not detected and corrected by the supervisors/managers of the reporting employees.

We noted the following exceptions during our limited tests of controls and documentation:

- A. The Daily Attendance Reports on file for one Parks Division pay location for the pay period of November 26 – December 9, 2006, noted that the employee who was the location's Site Supervisor had worked for 10 hours per day, resulting in 2 hours overtime per day, on 11/28/06, 12/04/06, and 12/07/06. The pay location's Attendance Record, Certified Time Sheet, and Variance Report for the pay period all show the employee was credited with FLSA overtime amounts (calculated at 1.5 times recorded hours worked) that included the overtime recorded for the above noted three dates. A review of the recorded times in and times out for each of those dates, however, showed a 7:00 (a.m.) Sign-In, a 3:00 (p.m.) Sign-Out, a 5:00 (p.m.) Sign-In, but no Sign-Out time.

In addition, the Site Supervisor signed to certify the accuracy of that pay location's employees' indicated arrival and departure times on the First Week of the Attendance Report but not on the Second Week. Neither week of the Daily Time & Attendance Report was approved with the signature of a Section Superintendent.

Nine (9) hours of paid overtime x \$27.3875/hour = \$246.49 appear to be questionable.

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**3. Continued...**

- B. Another Parks Division employee at a different pay location was credited with and paid for 39.0 hours of overtime for the pay period December 24, 2006 – January 7, 2007, according to the Overtime Hours & Pay Report, and the applicable location's Attendance Record, Certified Time Sheet, and Variance Report. That pay location's Daily Attendance Report on file at the Parks Division for the same pay period indicated the employee worked a total of 22 overtime hours, which would result in 33.0 hours of FLSA Overtime pay. The period's Attendance Record shows 12 hours worked on January 3, 2007, while the Daily Attendance Report only indicated 8 hours worked on that date.

Six (6) hours of paid overtime x \$26.9000 per hour = \$161.40 appear to be questionable. In total, we noted \$407.89 in apparently questionable costs during our testing. Our review, however, was limited to only six (6) pay periods. Based on the exceptions noted above and the internal control issues indicated in Observation #2 of this report, the risk exists that there could be more serious problems of employees receiving overtime compensation pay to which they were not actually entitled in accordance with Administrative Regulation #134.

**Recommendation**

We recommend the Parks Division recalculate the appropriate amounts of overtime pay earned by the indicated employees for the respective pay periods and recover from those employees any amounts determined not to have been properly supported. This is in addition to implementing control improvements recommended in Observation # 2 of our report.

**Management's Response**

**Item #3A:**

*I reviewed the Daily Attendance Report again on November 28, 2007. The employee's normal shift was 7:00 AM to 3:00 PM. On 11/28/06, 12/04/06 and 12/07/06, it shows that the employee did work his 7:00 AM to 3:00 PM shift. In regards to the overtime recorded for those dates, it appears that he remained after work until 5:00 PM, but rather than putting the 5:00 PM in the Time Out, he put it in the Time In. This would account for the 6 hours of Overtime worked, calculated at 1.5 times would equal nine (9) hours for which he was paid. I do not believe he was paid for time not worked, but rather the employee failed to place the time he left work on these dates in question in the incorrect box (Time Out). This was an honest mistake and the employee has been advised to be more observant in the future.*

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**3. Continued...**

*Therefore, I do not foresee a need to request that the employee reimburse the City of St. Louis in the amount of \$246.49.*

**Item #3B:**

*We will recover the questionable cost from the employee in the amount of \$161.40.*

**4. There is an opportunity to verify the accuracy of overtime amounts charged to the Division in the General Ledger.**

Neither the Parks Division nor the Accounting Section of the Department of Parks, Recreation, and Forestry regularly reconciled the Division's Overtime charges in the City's Monthly General Ledger reports to the pay totals of the Division's Overtime and Pay Reports for pay dates occurring within the month. Monthly General Ledger Reports should be reconciled to the applicable source records by the originating department as soon as possible after the reports are received in order to ensure the department's financial transactions were accurately recorded. Failure to regularly reconcile to the applicable source records increases the risk that posting errors might not be detected and corrected in a timely manner. Someone independent of the division's payroll and overtime reports preparation functions should perform the overtime reconciliation.

**Recommendation:**

We recommend that management of the Parks Division request that DPRF revise the department's accounting procedures manual to include:

1. Having the monthly General Ledger reports promptly reconciled to the Overtime Pay totals of the Parks Division's Overtime and Pay Reports by someone independent of the Division's payroll and overtime reports preparation functions.
2. Having a supervisor periodically review the applicable General Ledger and Overtime and Pay Reports to ensure the reconciliations have been performed.

**Management's Response**

The Parks Division agrees with the observation and will immediately implement the corresponding recommendation.